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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - October 31, 2008

**¶1.** The following are brief items of interest compiled by Embassy Minsk.

#### TABLE OF CONTENTS

##### Civil Society

- Opposition Youth Arrested (para. 2)
- Election Authorities Deny Final Appeals (para. 3)
- Opposition Hopeful's Supporters Heavily Fined (para. 4)
- Pro-Regime NGO Holds First Convention (para. 5)
- Court Fines Wheelchair-Bound Amputee (para. 6)
- Opposition Youth Briefly Detained (para. 7)

##### Domestic Economy

- Russian Ambassador Expects Belarus to Pay USD 200 per 1,000 Cubic Meters of Natural Gas in 2009 (para. 8)
- Government Expects 14 Percent Inflation in 2008 (para. 9)
- Lukashenka Discusses Nuclear Power Plant Project with Potential Bidder from China (para. 10)
- China's Eximbank and Belarusian Government Sign Loan Agreements to Upgrade Belarus' Cement Industry (para. 11)

##### Quote of the Week (para. 12)

##### Civil Society

##### **¶2.** Opposition Youth Arrested

On October 27, police summoned and arrested opposition youth Aleksandr Borozenko for allegedly ignoring interrogations and court hearings in a criminal case. Borozenko was one of the 14 activists who were criminally charged with organizing and participating in an unsanctioned January 10 entrepreneur protest in Minsk. He did not appear in court in April 2008 as he was studying in Poland. According to his lawyer, Borozenko could be held in jail until a trial. There is some interest in seeing his designated as a political prisoner.

##### **¶3.** Election Authorities Deny Final Appeals

The Central Election Commission denied October 24 five final appeals submitted by opposition hopefuls contesting official September parliamentary election results. The CEC maintained that the appeals were "subjective", gave "no evidence" of electoral law violations, and recommended the opposition representatives "to thoroughly study electoral regulations".

##### **¶4.** Opposition Hopeful's Supporters Heavily Fined

A Svetlogorsk district court fined local opposition Communist party member Svetlana Mikhalkchenko, Belarusian Popular Front activists Viktor Okhramchuk and Sergey Shevelenko USD 660 each for distributing illegal printed materials on October 24. The three activists had been campaigning for an opposition candidate, and the police detained them and confiscated campaign leaflets and copies of independent newspapers. They also searched Mikhalkchenko's residence. The activists intend to appeal to a higher court.

15. Pro-Regime NGO Holds First Convention

Pro-regime, nationwide NGO "Belya Rus" held a first, "founding" convention and adopted its charter and program October 25. Belya Rus Chair and Education Minister Aleksandr Radkov stated that over 60,000 persons have already joined it, and every other newly elected MP is a member. Belya Rus endorses and promotes Lukashenka's policies and has united "constructive forces" and presents "big intellectual and resources potential". Officials dismissed rumors that the NGO would soon be turned into a political party.

16. Court Fines Wheelchair-Bound Amputee

A Mogilyov district court fined local wheelchair-bound disabled leg-amputee pensioner Vladimir Usikov USD 35 on October 28. Usikov was charged with holding an unsanctioned rally protesting social benefits cuts in central Mogilyov. He opined that there were no means to "defend the rights" of individuals in Belarus.

17. Opposition Youth Briefly Detained

Belarusian Popular Front youth group leader Franak Vyachorka and Young Democrats member Mikhail Pashkevich were briefly detained at the pro-regime Belarusian National Youth Union convention October

VILNIUS 00000931 002 OF 002

129. The two came unsolicited and voiced their request to make a speech. The guards forced them out, and police detained them for four hours on alleged charges of using obscenities in public. The activists were released and given apologies.

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Domestic Economy  
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18. Russian Ambassador Expects Belarus to Pay USD 200 per 1,000 Cubic Meters of Natural Gas in 2009

Russian Ambassador to Belarus Alexander Surikov told Prime-TASS news agency October 27 that he believes Belarus will have to pay approximately USD 200 per 1,000 cubic meters (TCM) of Russian natural gas. He admitted the price may be slightly less due to lowering world oil prices. Belarusian authorities still hope to secure the price as low as USD 140/TCM in 2008 and drafted the country's central budget accordingly. Independent observers that post contacted believe the parties will finally agree on USD 175-185/TCM, although in the past Surikov's word has been conclusive. (Note: An increase to USD 200/TCM from the current price would cost the GOB an additional USD 2 billion based on annual consumption rates. End note.)

19. Government Expects 14 Percent Inflation in 2008

According to press reports, Belarus' Economy Minister Nikolay Zaychenko opined that inflation in Belarus this year would reach 14 percent, while the plan for 2008 was 6-9 percent. Speaking at a regular meeting of the Council of Ministers October 28, Zaychenko primarily blamed soaring world prices on energy, raw materials and food. The Deputy Minister stressed that the GOB does not limit prices by administrative means trying to avoid deficiencies and short supplies but routinely inspects thousands of businesses in the country to prevent violations of price formation regulations.

110. Lukashenka Discusses Nuclear Power Plant Project with Potential Bidder from China

Presidential press service announced on October 28 that Lukashenka

met with top managers of China's Guandun Nuclear Energy Corporation.

He praised the corporation for the commendable record of their operations in China and invited to bid for the Nuclear Power Plant (NPP) project in Belarus. Nevertheless, Russia's Atomstroyexport is viewed as the most likely contractor to build 2,000 MW NPP, which the GOB plans to commission in two stages: 2016 for the first power unit, and 2018 for the second one.

**¶11. China's Eximbank and Belarusian Government Sign Loan Agreements to Upgrade Belarus' Cement Industry**

According to the media, China's Eximbank and the GOB signed October 29 a total of USD 390 million worth of loan agreements to upgrade Belarus' cement industry. Eximbank will issue one beneficial government loan (15-year payment and 2.5 percent interest) and two ten-year and 6.6 percent interest consumer loans. Belarus' Deputy Prime Minister Vladimir Semashko said that the loans would enable the country to double its production of cement in two years and thus fully meet the demand of the domestic market.

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**Quote of the Week**  
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**¶12. Talking to Russian President Medvedev in Moscow October 25, Lukashenko said:**

"We will discuss a number of current problems, which emerge in economic and financial sectors of Russia and Belarus. Your vision is very important to us because we are very close to Russia economy and finance wise. You know almost half of Belarus' gold and hard currency reserves are in Russian rubles...I believe your expertise and advice are very important to us: which way we should go".

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LEADER